

OVERVIEW

OVERVIEW

This Report contains four chapters under two sections. Section A includes one chapter containing observations on the Accounts and Finances of Panchayati Raj Institutions. Section B comprises three chapters containing observations on the Accounts and Finances of Urban Local Bodies, one Performance Audit on Implementation of low cost housing projects under JNNURM sub-missions on Basic Services to the Urban poor and Integrated Housing and Slum Development Programme and nine compliance audit paragraphs. A summary of major audit findings is presented in this overview.

1. Accounts and Finances of Panchayati Raj Institutions

The allocation from total revenue of the State to Panchayati Raj Institutions showed a decrease from 16.99 per cent in 2008-09 to 14.50 per cent in 2012-13 as against 40 per cent recommended by the Second Maharashtra State Finance Commission.

Though annual accounts of all the 33 ZPs for the year 2011-12 and 2012-13 have been finalized, these were yet to be certified by DLFA and published in the Government Gazette.

The State Government had so far not amended (December 2013) the Maharashtra Zilla Parishads and Panchayat Samitis Account Code and Maharashtra Village Panchayat (Budget and Accounts) Rules to maintain annual accounts in the format prescribed by the Comptroller and Auditor General of India.

(Paragraphs 1.5, 1.8.4 and 1.8.5)

2. Accounts and Finances of the Urban Local Bodies

The total receipts of 26 Municipal Corporations in the State during 2012-13 was ₹ 37,046 crore which was higher by 14.92 per cent compared to the previous year. The major contribution in total receipts was from rent and taxes (51.92 per cent) and other income (41.66 per cent).

The Government of Maharashtra published (January 2013) the Maharashtra Municipal Account Code, 2013 prescribing the procedure for maintenance of accounts of receipts and disbursements of all the Municipal Councils. However, the same is not being followed (February 2014).

17 out of 26 Municipal Corporations which have prepared their annual accounts, Audit by Municipal Chief Auditor has been completed up to 2012-13 in four Municipal Corporations and up to 2011-12 in three Municipal Corporations, and reports have been submitted to the respective Standing Committees. In the remaining 10 Municipal Corporations, there were arrears in audit by MCA ranging between two and 10 years.

(Paragraphs 2.4.5, 2.4.6, 2.6.2 and 2.7.3)

3. Performance Audit - Urban Local Bodies

Implementation of low cost housing projects under JNNURM sub-missions on Basic Services to the Urban poor and Integrated Housing and Slum Development Programme

Performance Audit on implementation of low cost housing projects taken up under BSUP-IHSDP sub-missions of JNNURM for the period 2008-09 to 2012-13 revealed significant shortfalls in achievement of construction of sanctioned dwelling units (DUs) for the urban poor. The ULBs/Nodal Agency proposed detailed project reports (DPR) to the Central Government without ensuring availability of land, leading to cancellation/curtailment of large number of projects and non-utilization of Central grants. There was no uniform/transparent criterion for payment of consultancy fee to project consultants. Mobilisation advances were paid to contractors in violation of contract conditions. The beneficiaries were selected and allotted DUs without capturing biometric data which was necessary as per the JNNURM guidelines. Completed DUs remained unallotted due to their unviable locations or due to construction of DUs on plots reserved for other purposes. Delays in award of sanctioned works led to cost overrun. None of the 36 ULBs conducted social audits as stipulated in JNNURM guidelines in any of the 51 test-checked projects through the designated agencies.

(Paragraph 3.1)

4. Transaction Audit Findings - Urban Local Bodies

The implementation of Brihanmumbai Storm Water Drain project by MCGM was beset with delays and cost escalation. The project management and implementation was weak and there were lapses in internal controls. There was delay up to seven years in execution of the works under the project. As of September 2013, the actual expenditure incurred on the project was ₹ 1,764.55 crore against the approved DPR cost of ₹ 1,175.72 crore, but only 27.6 per cent of the works under the project could be implemented. The project is under revision and the revised cost of the project is estimated to be ₹ 3,884.61 crore i.e. a cost overrun of ₹ 2,708.89 crore. Due to delay in implementation of the project, the problem of flooding in Mumbai city and suburban areas remained unresolved.

(Paragraph 4.1)

There were significant time and cost overruns in implementation of three projects taken up by Nanded Waghala City Municipal Corporation under the UIG component of JNNURM. The contract Clauses/Government orders were not followed during implementation of works, resulting in extra expenditure or losses. Of the 44 works sanctioned under Backward Regions Grant Fund between 2010 and 2013, only 25 works were completed and 11 works were not tendered. Of the remaining eight works, three works were under progress, one work was cancelled and four works could not commence due to non-availability of clear sites. The Corporation neither submitted utilization certificates for grants received under Gur-ta-Gaddi project nor did it finalise the accounts and surrender the unspent balances.

(Paragraph 4.2)

Non-implementation of outsourcing contract for collection of escort fee through a private agency for 22 months resulted in loss of revenue of ₹39.62 crore to Mira Bhayandar Municipal Corporation.

(Paragraph 4.3)

Municipal Corporation of Greater Mumbai made irregular payment of consultancy fee amounting to ₹1.19 crore to a consultant on the projected delivery of 4,26,024 Certified Emission Reductions (CER) up to April 2015, instead of 14,477 CERs actually generated by the project.

(Paragraph 4.4)

Failure of Nagpur Improvement Trust to properly plan the development of IT Park through Public Private Partnership rendered an expenditure of ₹1.83 crore infructuous.

(Paragraph 4.5)

Failure of Nagpur Improvement Trust to appropriately plan the construction of a swimming pool not only led to blocking of funds of ₹one crore for more than six years but also increased the project cost by ₹1.72 crore.

(Paragraph 4.6)

Failure of Navi Mumbai Municipal Corporation to enforce the tender condition led to an avoidable increase of ₹ 4.86 crore in implementation of two hospital projects at Airoli and Nerul.

(Paragraph 4.7)

After spending ₹85 lakh on construction of a commercial complex, Pimpri Chinchwad Municipal Corporation stopped the work in January 2008 due to paucity of funds. The work was incomplete as of March 2014 resulting in cost overrun of ₹3.19 crore, besides blocking ₹85 lakh for more than seven years and recurring loss of revenue of ₹1.52 crore per annum on account of lease rent.

(Paragraph 4.8)

Non-observance of provisions of Bombay Provincial Municipal Corporations Act, 1949 while determining the rateable value of properties resulted in short-levy of property tax of ₹43.96 crore and consequential loss of revenue to Pune Municipal Corporation.

(Paragraph 4.9)